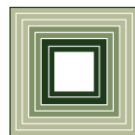


NC Community College System:

State Aid to Colleges



Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
February 27, 2013

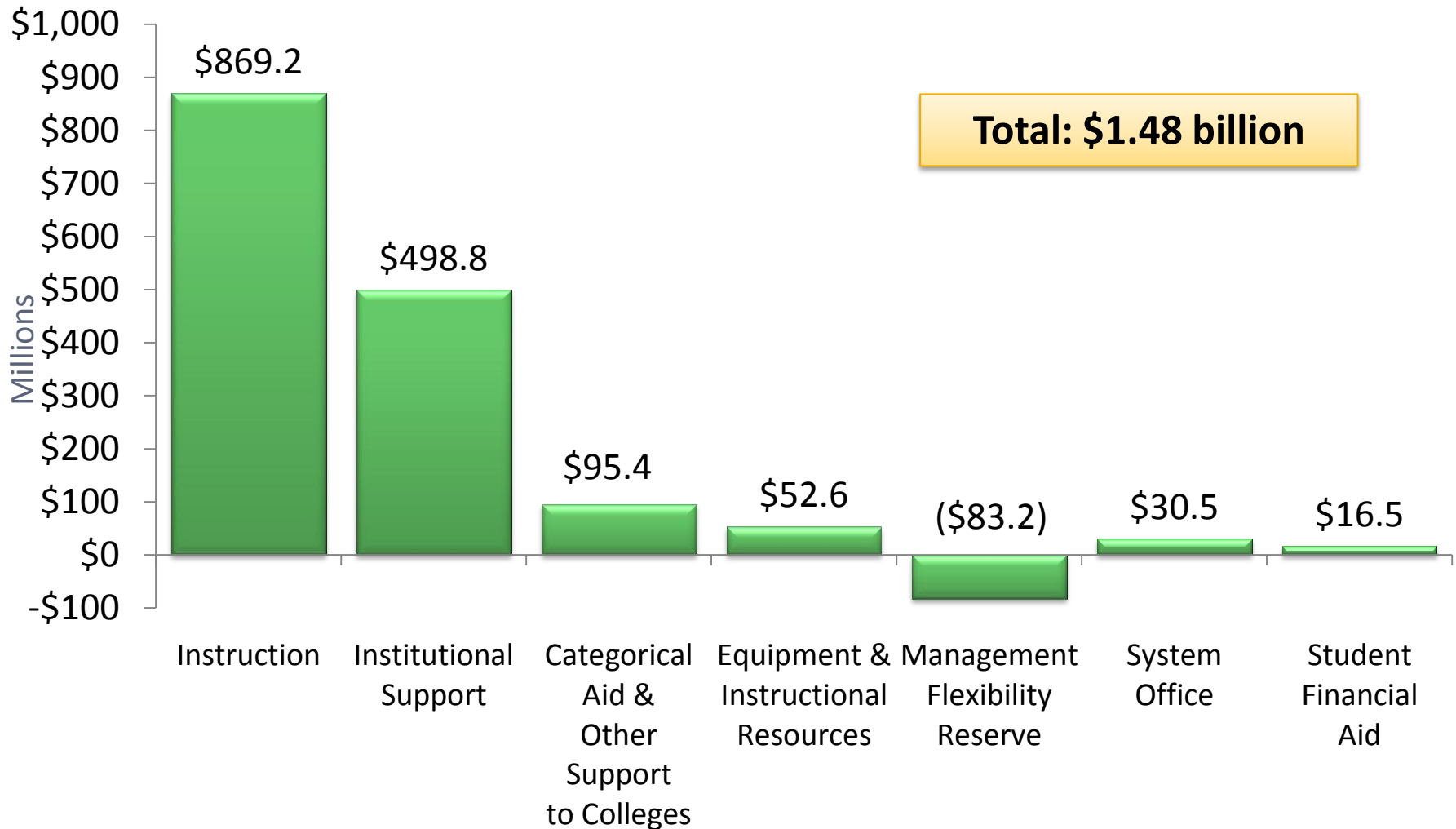


FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Agenda

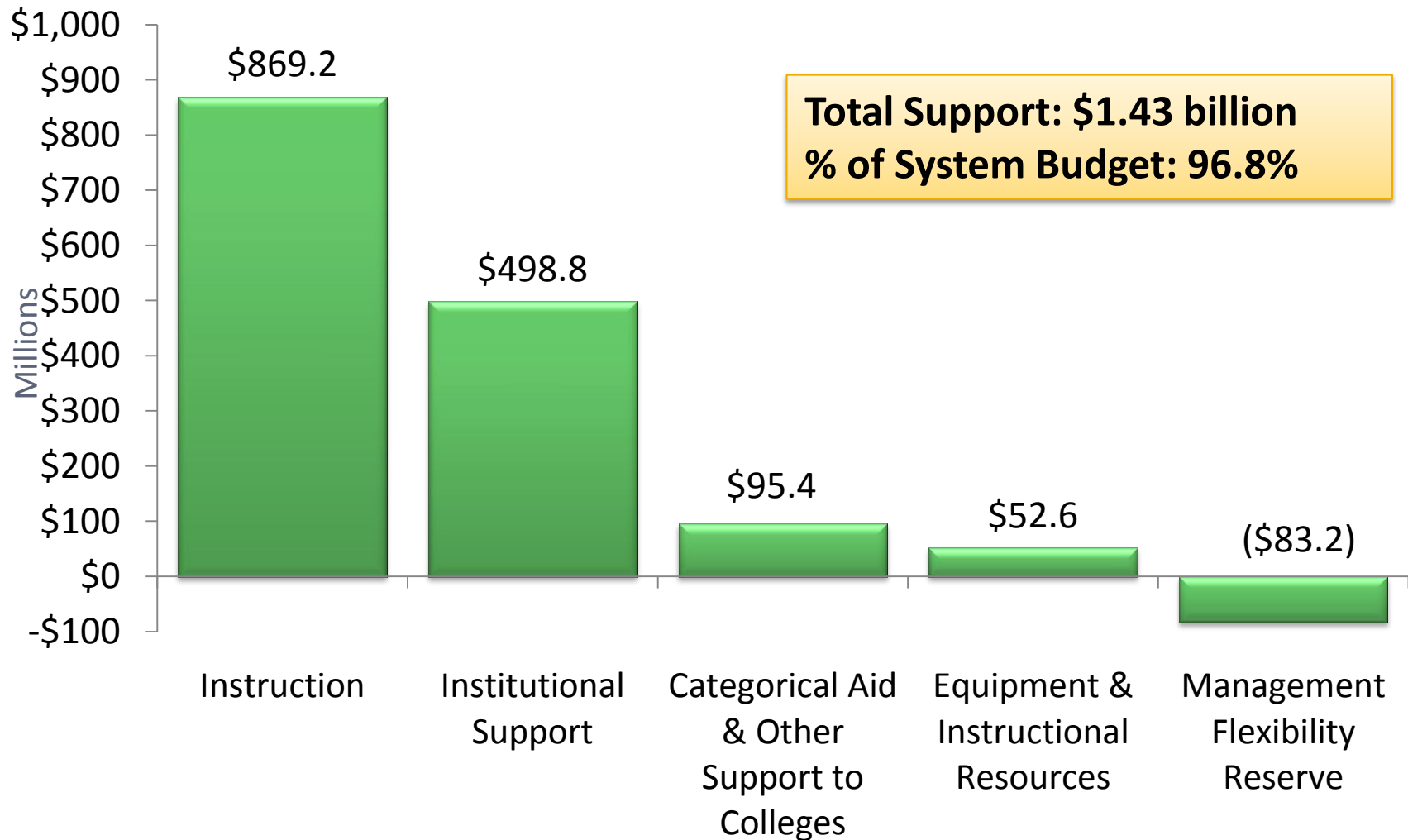
1. College Allocations
2. Categorical Programs
3. Management Flexibility

Allocation of Funds: FY 2012-13

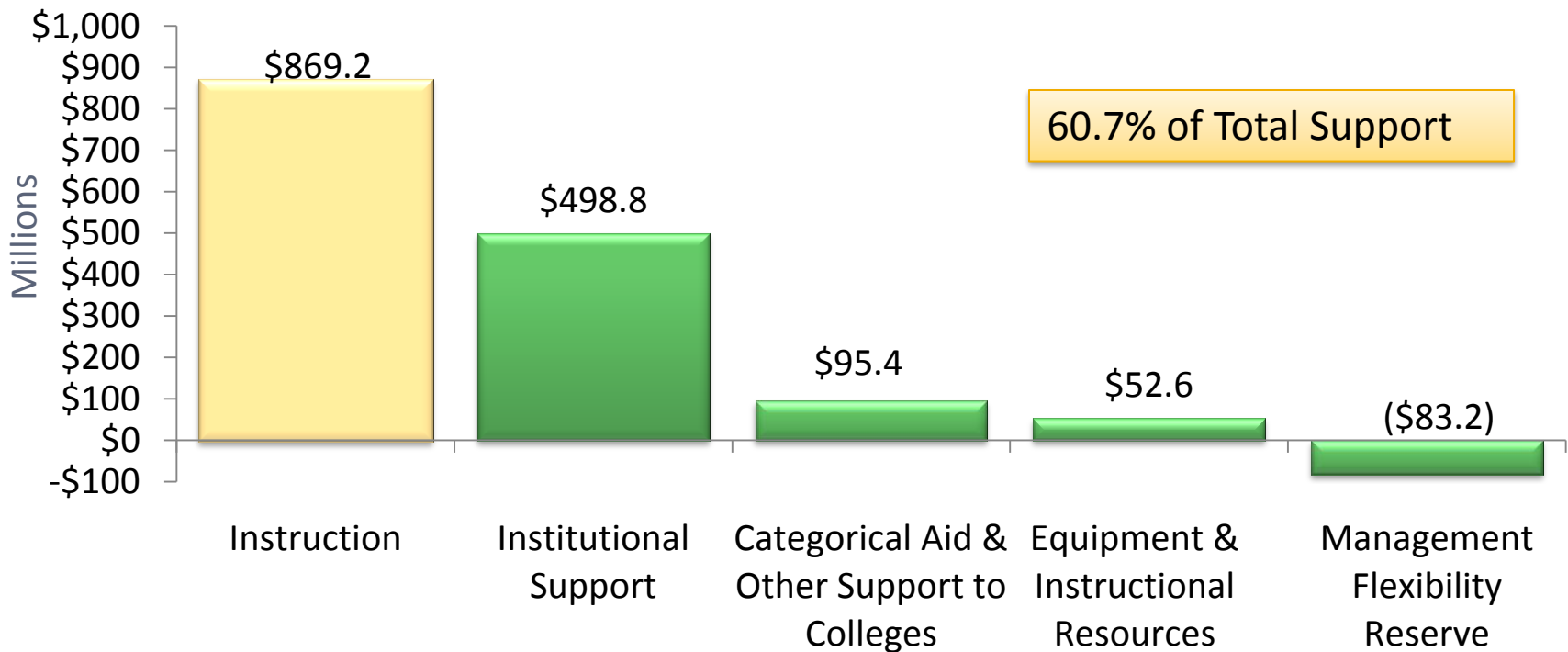


Source: Community College System Office, Sept. 30 Certified Budget

State Aid: FY 2012-13



Instruction Formula Funding



What it is:

- Curriculum
- Continuing Education
- Basic Skills

What it pays for:

- Faculty Salaries
- Instructional Supplies

Instruction: Base Funding

- Each college receives a base funding amount through the curriculum and continuing education formulas.
- **Curriculum** = \$381,698 (equivalent to 6 full-time faculty members)
- **Continuing Education** = \$63,616 (equivalent to 1 full-time faculty member).

Instruction: FTE Funding

Budget Full-Time Equivalent (BFTE) Students

The number of full-time equivalent students

X

Equivalent Value

The dollar amount allocated for each BFTE
(varies by type of BFTE)

Instruction: Equivalent Values

Curriculum and Continuing Education

- Instructional funds are allocated on a tiered-funding basis.

	Curriculum	Continuing Education	Equiv. Value per BFTE
Tier 1	High Cost Programs: health care, technical education, lab-based science, college-level math		\$3,689.84
Tier 2	All other curriculum	96+ hours <u>and</u> mapped to a third-party credential, certification, or industry-designed curriculum	\$3,207.45
Tier 3		All other continuing education	\$2,725.15

Instruction: Equivalent Values

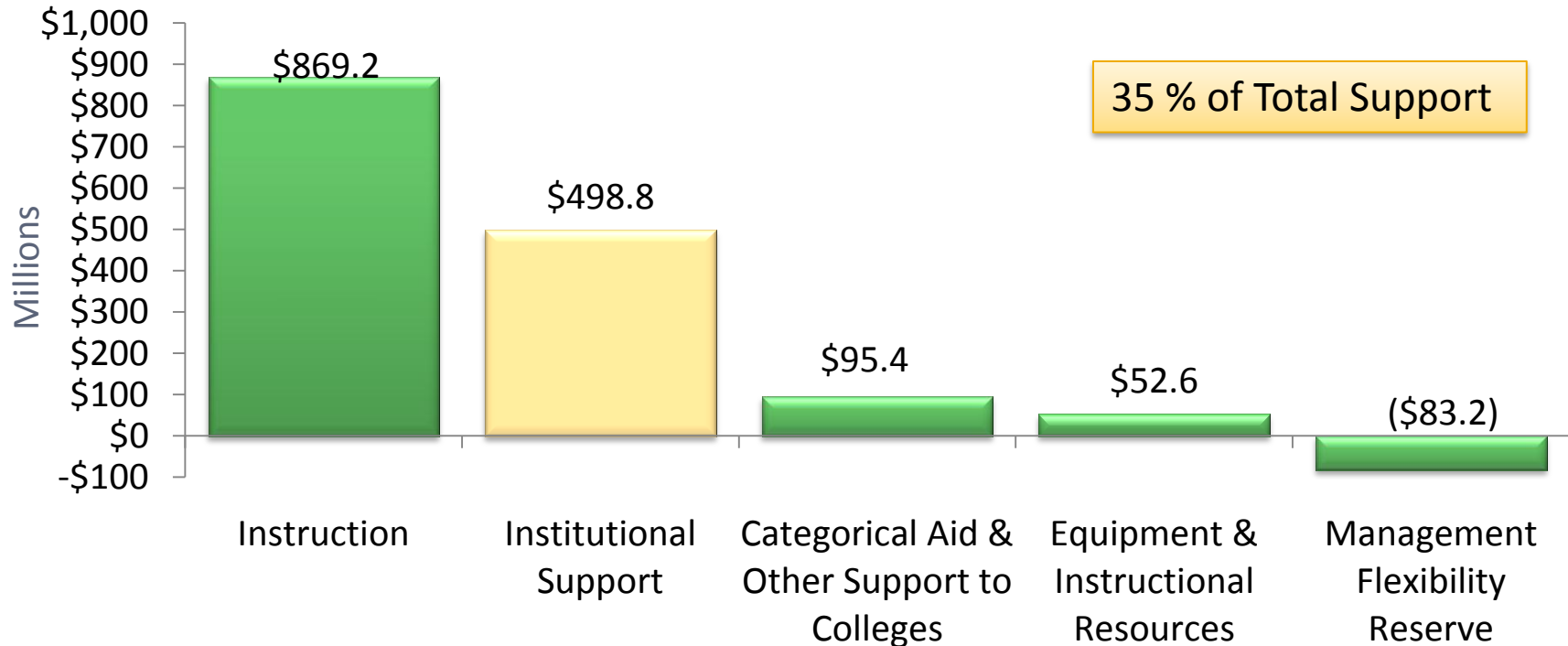
Basic Skills

- Beginning in FY 2012-13, funded at Tier 2 rate (\$3,207.45 per BFTE).
- Remaining State funds allocated based on colleges' pro-rata share of the number of GEDs and Adult High School diplomas awarded.
 - \$1,024.81 per GED/AHS diploma in FY 2012-13.

Instruction: Sample College Allocation

Curriculum				
Base				\$381,698
Tier 1	\$3,689.84	x	2,577.1	= \$9,509,087
Tier 2	\$3,207.45	x	3,597.9	= \$11,540,084
Curriculum Total				\$21,430,869
Continuing Education				
Base				\$63,616
Tier 2	\$3,207.45	x	309.5	= \$992,706
Tier 3	\$2,725.15	x	340.5	= \$927,914
Continuing Education Total				\$1,984,235
Basic Skills				
FTE	\$3,207.45	x	441.0	= \$1,414,485
GED/AHD Diplomas	\$1,024.81	x	353.0	= \$361,758
Basic Skills Total				\$1,776,243
Total Instruction				\$25,191,348

Institutional & Academic Support



What it is:

- Academic & Student Support
- General College Administration
- Multi-campus college (MCC) funding

What it pays for:

- President & Senior Administrators
- Guidance Counselors & Financial Aid Officers
- Librarians & IT Staff
- Paraprofessionals & Clerical Staff

Institutional & Academic Support

Components:

1. Base allotment
2. Multi-campus college base allotment
3. FTE enrollment allotment
4. President's salary & benefits

Institutional: Base Allotment

- Represents what is needed to “open the doors”
- FY 2012-13 base allotment is \$2,144,332 based on the costs for 30 positions.

Administrative (9)

- 4 senior administrators
- 1 general institution
- 1 technical/paraprofessional
- 3 clerical

Instructional Support (21)

- 2 supervisors
- 7 student support services
- 4 general institution
- 4 technical / paraprof.
- 4 clerical

Institutional: Multi-Campus Allotment

- Provides funding for colleges with multi-campus centers (MCC), self-contained satellite campuses.
- MCCs offer all student services – financial aid, registration, guidance counselors, and libraries.
- To be classified as an MCC, a campus must offer at least one Associate Degree obtainable entirely at that campus and have an enrollment of at least 300 FTE.

Institutional: Multi-Campus Allotment

- Two levels of MCC funding:

	FTE	Allotment	Campuses
Level 1	$\leq 1,500$	\$498,565	28
Level 2	$> 1,500$	\$835,392	5

Institutional: FTE Enrollment Allotment

- Provides additional funding for each FTE over 750.
- FY 2012-13 enrollment allotment: \$1,688 per FTE.

Institutional: Presidents' Salaries

- 1C SBCCC 400.94(c) governs the establishment of pay rates for community college presidents based on size of institution and years of eligible experience.
- For this purpose, college size is based on total FTE, not budget FTE (i.e. includes FTE generated through categorical or self-supporting programs).
- The schedule determines the amount of State funding provided for presidents' salaries.
- Colleges may provide additional salary adjustments using local funding sources.

Institutional: Presidents' Salary Schedule

YEARS OF EXPERIENCE (STEPS)	GRADE			
	1	2	3	4
	FTE RANGE			
	0-2749	2750-4499	4500-7499	7500-UP
	ANNUAL STATE FUNDED SALARY			
0	\$ 103,807	\$ 110,923	\$ 118,525	\$ 126,650
1	105,871	113,146	120,906	129,188
2	108,009	115,404	123,322	131,762
3	110,183	117,712	125,788	134,410
4	112,368	120,068	128,301	137,106
5	114,615	122,460	130,864	139,838
6	116,910	124,913	133,475	142,631
7	119,254	127,415	136,159	145,473
8	121,634	129,953	138,879	148,388
9	124,051	132,564	141,660	151,375
10	126,540	135,211	144,477	154,387
11	129,079	137,919	147,380	157,483
12	131,665	140,676	150,318	160,629
13	134,288	143,481	153,342	163,847
14	136,972	146,372	156,403	167,114
15	139,717	149,298	159,536	170,465
16	142,498	152,286	162,730	173,878
17	145,352	155,322	165,984	177,351
18	148,266	158,418	169,287	180,909
19	151,229	161,588	172,676	184,516
20	154,253	164,818	176,124	188,208
NUMBER OF COLLEGES IN GRADE	17	20	12	9

Institutional: Sample College Allocation

Total Budgeted FTE 2,215, Tier 1 MCC

Step 1 Base allotment: \$2,144,332

Step 2 MCC base allotment: \$498,565

Step 3 Calculate allowable FTE: $2,215 - 750 = 1,465$

Step 4 Calculate FTE allotment: $1,465 \times \$1,688 = \$2,472,920$

Step 5 Determine President's salary with salary schedule:

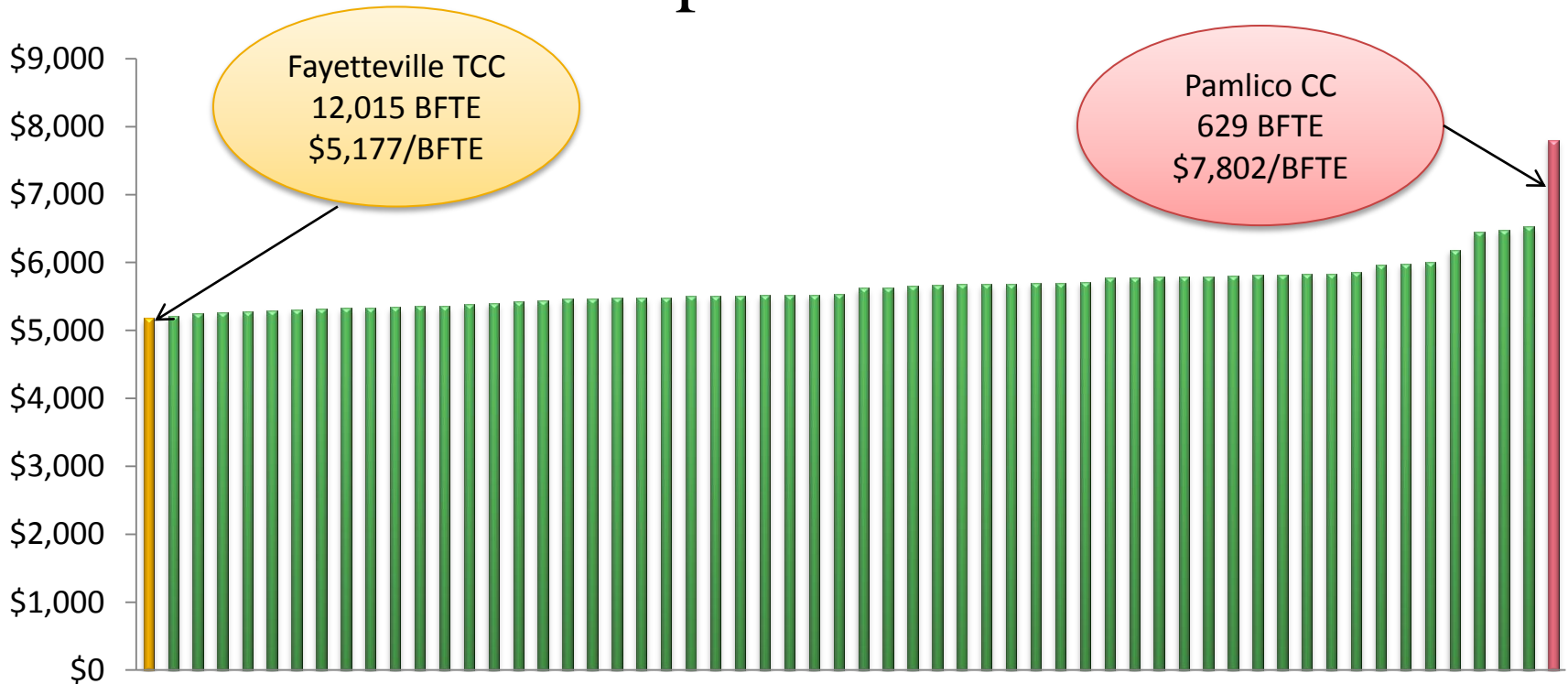
Total FTE	2,215
Years of Experience	5
President's salary at Grade 1	\$114,615
Calculate Fringe (\$ 114,615 x 21.9%)	\$25,078
Add Hospitalization:	\$5,192
Total President's Salary Requirements:	\$144,885

Step 6 Sum steps 1 through 5: \$5,260,702

Total Institutional Allocation \$5,260,702

Per Capita Formula Funding

- Formula provides more funding per capita to small campuses and colleges with MCCs.
- Formula allotment per BFTE varies:



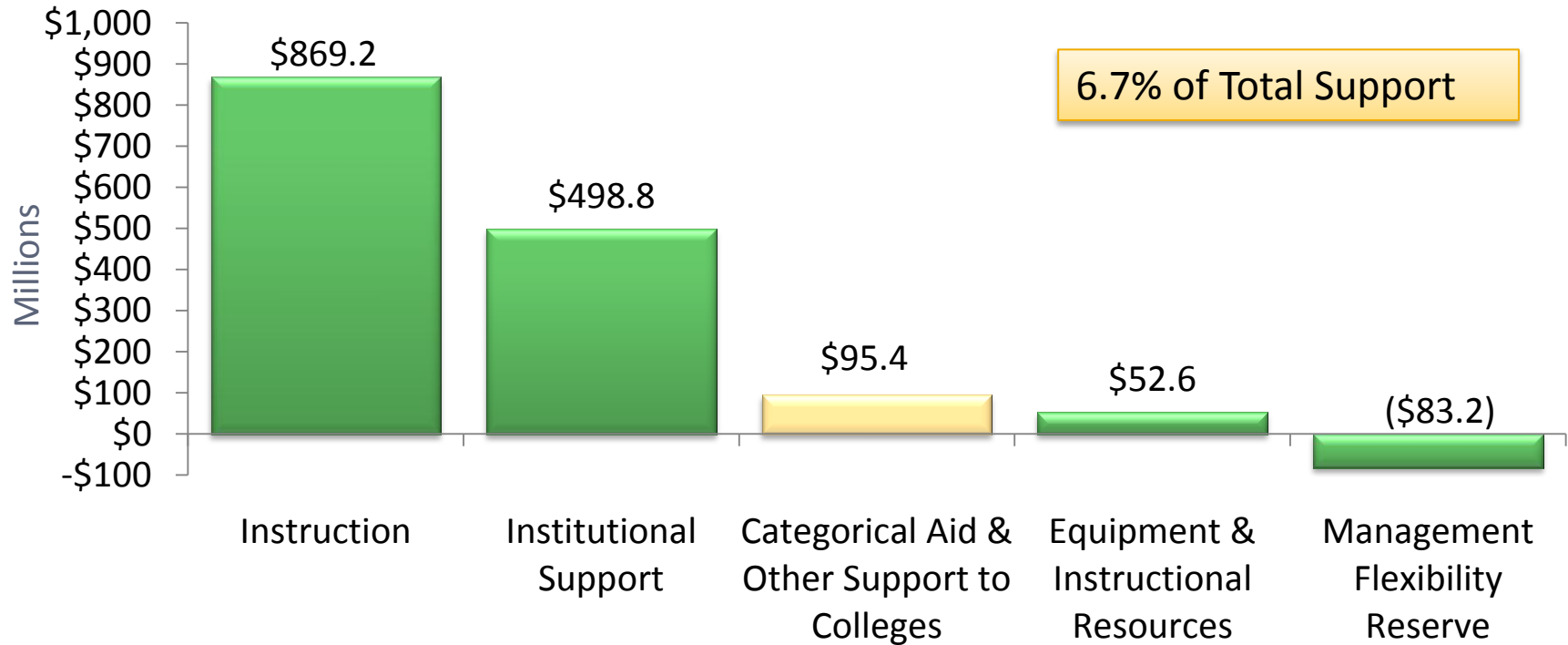
How Do the Formula Factors Change?

- Legislative salary increases
- Other changes in benefit rates (i.e. hospitalization, retirement)
- Legislative adjustments to the formula

Funding Flexibility

- The General Assembly has allowed colleges to have flexibility in order to meet individual college needs.
- Formulas are for allocation purposes only.
- Colleges can spend the formula allocations however they choose, except:
 - **Basic Skills funding may only be used for basic skills programs.**

Categorical Aid & Other Support to Colleges



What it is:

- Funding provided to colleges outside the regular allotments

What it pays for:

- Supplemental instruction and institutional support
- Workforce development programs
- Specialized training and centers
- Miscellaneous other programs

Categorical Aid & Other Support to Colleges

Federal Vocational Education and Literacy Funding		FY 2012-13
Federal Vocational Education – Allotted to colleges for vocational education programs, based on the number of students receiving Pell Grants		\$11,216,104
Grants to Colleges – Grants to community colleges for literacy-related activities.		\$2,433,461
Nonprofits – Grants to nonprofits for literacy-related activities		\$1,440,951

Categorical Aid & Other Support to Colleges

Workforce Development Funding	FY 2012-13
<p>Customized Training– Programs and training services to assist new and existing business and industry to remain profitable, productive, and within NC. Funds allocated through 4 means:</p> <ol style="list-style-type: none">1. Program projects2. Business and Industry Support formula3. Regional Capacity Building4. Local Capacity Building	\$22,804,544
<p>Small Business Centers – Each college receives a base allotment of \$93,364 and a performance allocation based on the number of:</p> <ul style="list-style-type: none">• Non-FTE attendees,• Non-FTE seminars,• Counseling clients,• Counseling hours, and• Small businesses in service area.	\$6,059,814

Categorical Aid & Other Support to Colleges

Workforce Development Funding (continued)

FY 2012-13

NC Back-To-Work – A partnership with NC Dept. of Commerce, provides training to long-term unemployed North Carolinians. Funding is awarded to colleges on a competitive basis; it is currently operating at 16 colleges in 28 counties.

\$5,000,000
(Nonrecurring)

Note: This program's budget as of Jan. 2013 is **\$7 million** – an additional \$1.8m in Federal WIA funding for colleges and \$200,000 at the System Office.

Categorical Aid & Other Support to Colleges

Workforce Development Funding (continued)	FY 2012-13
BioNetwork – Statewide initiative that provides specialized training, curricula, and equipment to develop the workforce for biotechnology, pharmaceutical, and life science industries. The BioNetwork includes 7 BioNetwork centers of excellence and grants to colleges.	\$4,219,611
Project Skill-UP – Provides outreach and recruitment activities to entities adversely impacted by the changes in the tobacco industry; skills assessment and short-term occupational skills training to affected workers; and student financial assistance. <i>Note: \$975,005 is the total in the certified budget as of September. However, the budget as of Jan. 2013 is \$634,059: \$260,059 from 2012 grants and \$374,000 from 2013 grants.</i>	\$975,005

Categorical Aid & Other Support to Colleges

Other Multi-College Awards	FY 2012-13
<p>Child Care Grants – Provides funding to student-parents to help them stay enrolled and complete their educational goals. Each college receives a base of \$20,000, plus \$3.43 per curriculum FTE.</p> <p>In 2011-12, 1,007 students were assisted.</p>	\$1,838,215
<p>Minority Male Mentoring – Competitive grant program to assist colleges with retention and graduation through academic coaching, personal counseling, and professional growth and development for minority male students.</p> <p>In FY 2012-13, 46 colleges received funding.</p>	\$810,000

Categorical Aid & Other Support to Colleges

Other Multi-College Awards (continued)	FY 2012-13
<p>Prison Program Start-Up – Funding from the Division of Adult Corrections for start-up funding for new programming. This funding is allocated on a nonrecurring basis to colleges because they will generate FTE during the first year of instruction to continue support.</p> <p>Note: Funding shown reflects annual start-up funding. Additionally, the Division transfers funding for specific projects over the course of the year. The January authorized budget for this funding is \$1 million.</p>	\$50,000
<p>Performance Funding – <i>Funded from carryforward from FY 2011-12, this funding is budgeted, but has not been allocated to colleges yet due to receipts shortfalls in the budget (this will be discussed in the Tuition and Fees presentation).</i></p>	\$7,061,794

Categorical Aid & Other Support to Colleges

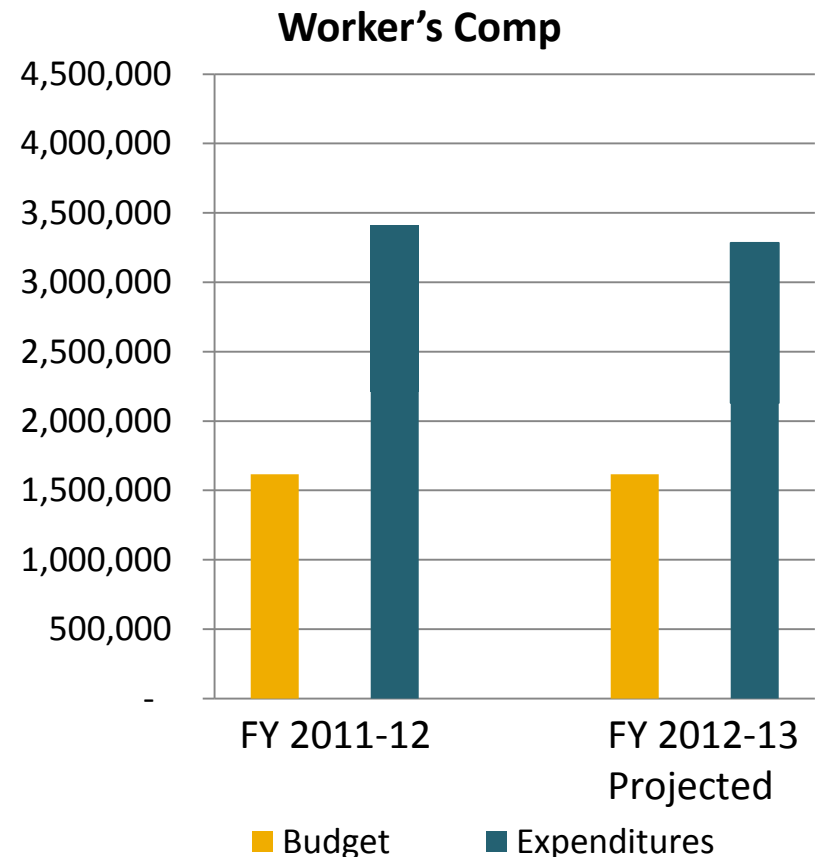
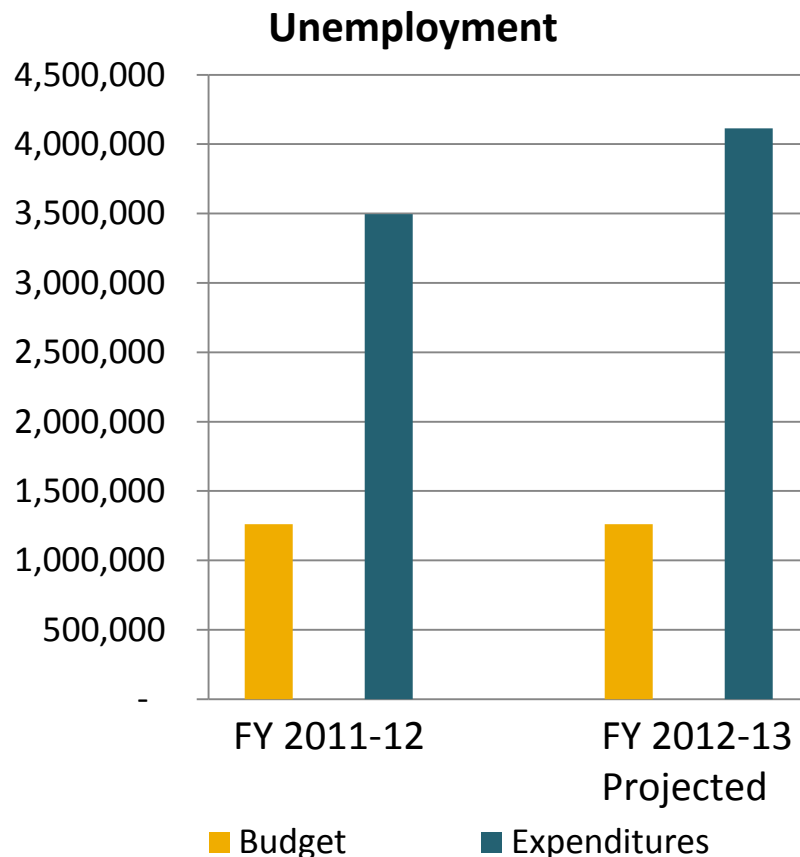
Specific Program Allocations	FY 2012-13
NC Research Campus (Rowan-Cabarrus CC)	\$3,389,145
NC Military Business Center (Fayetteville TCC)	\$1,132,634
Marine Technology High Cost Program (Cape Fear CC)	\$688,670
Manufacturing Solutions Center (Catawba Valley CC)	\$546,922
NC Motorcycle Safety Education Program (Administrative host – Lenoir CC)	\$499,000
Textile Center (Gaston College)	\$353,954
Botanical Lab (Fayetteville TCC)	\$264,000

Categorical Aid & Other Support to Colleges

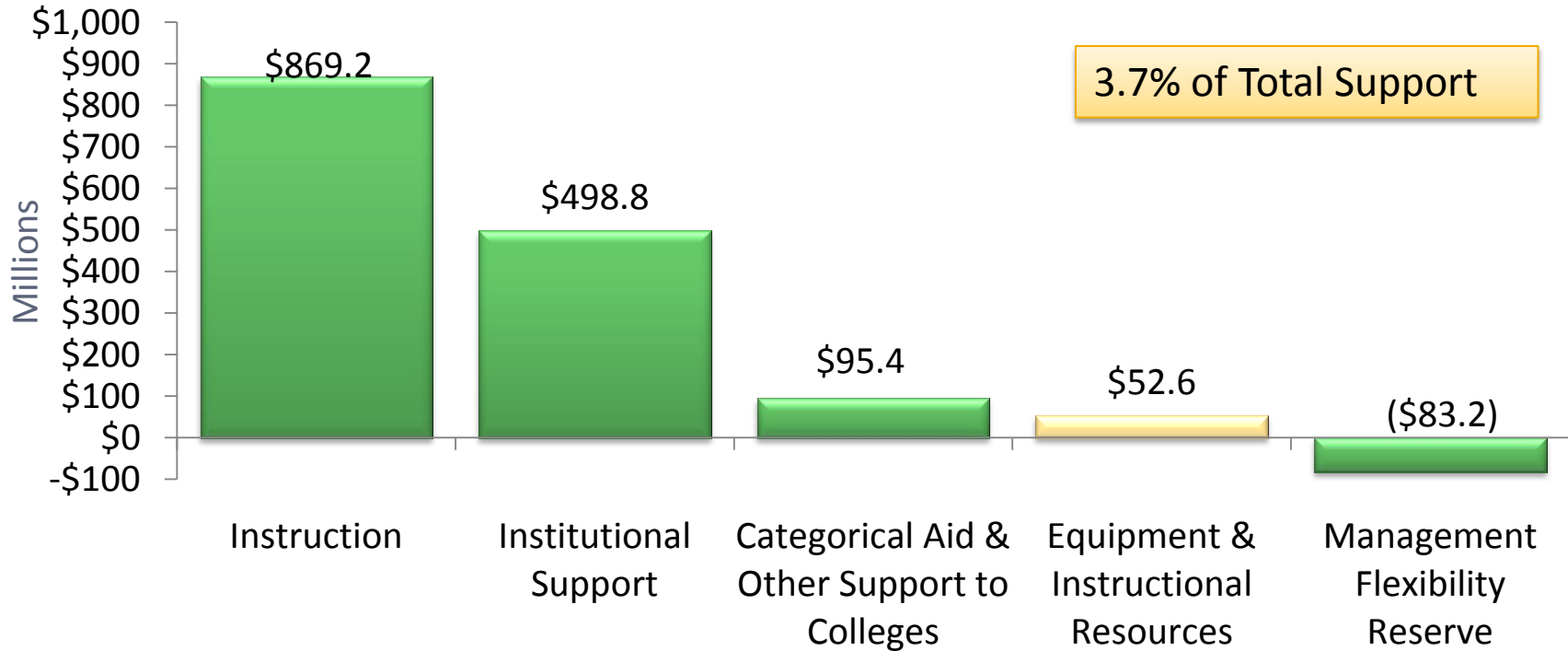
Major System Office Administered Support for Colleges		FY 2012-13
<u>Personnel-Related</u>		
Longevity		\$9,587,256
Workers Comp and Disability		\$1,617,079
Unemployment		\$1,261,698
Liability Insurance		\$36,849
<u>IT-Related</u>		
Networking		\$5,634,500
Online Course Delivery Systems		\$1,370,850
Online Help Desk and Virtual Computing Lab		\$735,600
Virtual Learning Community Development Centers		\$650,000

Categorical Aid & Other Support to Colleges

- Certain personnel categories are under budgeted compared to actual expenditures.



Equipment and Instructional Resources



What it is:

- Equipment
- Instructional Resources

What it pays for:

- Computers
- Instructional equipment
- Books and other library resources

Equipment and Instructional Resources

Total Funding: \$52,637,961

Equipment

FY 2012-13 Equipment Allotment	\$48,962,762
Equipment Carryforward	\$622,952
Total	\$49,585,714

Instructional Resources

FY 2012-13 Instructional Resources Allotment	\$2,500,000
NC LIVE Contract	\$500,000
Carryforward from Prior Year	\$52,247
Total	\$3,052,247

Equipment and Instructional Resources

- Per G.S. 115D-31(c), State funds appropriated for “equipment and library books” shall revert to the General Fund 12 months after the close of the fiscal year for which they were appropriated.
- FY 2012-13 includes \$675,199 transferred from prior year.

Equipment Allotment

- Provides funds for administrative and educational equipment and furniture.
- For the 2011-13 fiscal biennium, colleges are permitted to use equipment funds for capital improvements.
 - Colleges must match funds spent on new construction, but not repairs and renovations.

Equipment Allotment

- Each college receives a base allocation of \$100,000.
- Remaining funds are allocated to the colleges on a weighted FTE basis.
- \$233.79 per Equipment FTE (E/FTE)
 - Low = .5 E/FTE (College Transfer, General Education, Basic Skills)
 - Moderate = .75 E/FTE (Occupational Education)
 - High = 1.0 E/FTE (Technical and Vocational Education)

\$48,962,762 allotted in FY 2012-13

Instructional Resources

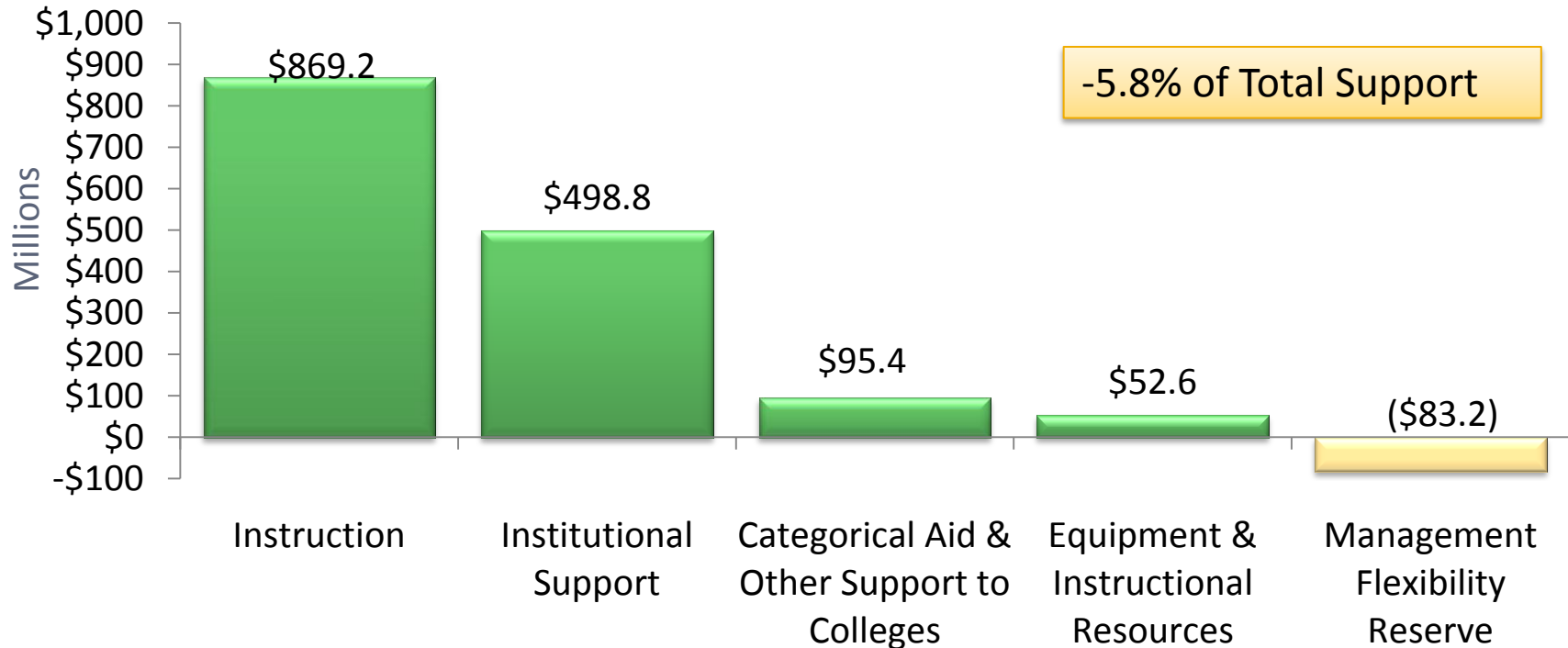
- Provides funds for:
 - Library books,
 - Book-like materials,
 - Magazines and periodicals,
 - Audio visual materials, and
 - Other non-equipment learning resources of a durable nature.

Instructional Resources Allotment

- Each college receives a base of \$25,000.
- Remaining funds are allocated to the colleges on a weighted FTE basis.
- \$4.67 per Library FTE (L/FTE) over 1,000 L/FTE.
 - Low = .25 L/FTE (Basic Skills and Occupational Education)
 - Moderate = 1.0 L/FTE (Technical and Vocational Education)
 - High = 2.0 L/FTE (College Transfer and General Education)

\$2,500,000 allotted in FY 2012-13

Management Flexibility Reserve



What it is:

- A reduction that colleges have flexibility in determining how to meet

Management Flexibility Reserve

Total Management Flexibility Reduction: \$83,233,302

- Management flexibility reduction is a budget cut that is not specifically prescribed.
- Colleges have the flexibility to determine what budget line items to cut, within certain parameters.
- Allocated on a pro-rata basis based on each colleges' estimated General Fund appropriation.

Management Flexibility Reserve

- There are restrictions on local flexibility.
- Colleges may not identify funds from:
 - Federal allocations
 - Allocations approved by the State Board outside of regular budget allocations. Examples include:
 - BioNetwork
 - Minority Male Mentoring
 - Customized Training regional trainers

Summary

97% of the budget is allocated to colleges.

95% of colleges' funding comes through instruction and institutional support allotments.

Formulas are used to allocate funding, but colleges have broad spending flexibility.

System office manages many things for colleges.